

RECORDATION NO. 27368 FILED

FEB 05 '08 -11 00 AM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
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SUITE 301
WASHINGTON, D.C.

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ELLSWORTH C. ALVORD (1964)

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OF COUNSEL
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February 5, 2008

Anne K. Quinlan, Esquire
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of January 22, 2008, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor/Grantor Handelsbanken Finans AB (publ)
Torsgatan 12
Stockholm SE-106 35
Sweden

Lessee/
Secured Party: New Jersey Transit Corporation
One Penn Plaza East, 6th Floor
Newark, NJ 07105

Anne K. Quinlan, Esquire
February 5, 2008
Page 2

A description of the railroad equipment covered by the enclosed document is:

7 multi-level commuter rail passenger cars bearing New Jersey Transit reporting marks: 7219, 7226, 7228 and 7538 - 7541.

A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', followed by a horizontal line.

Robert W. Alvord

RWA/sem
Enclosures

FEB 05 '08 -11 00 AM

SURFACE TRANSPORTATION BOARD

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement"), dated as of January 22, 2008, is made by **HANDELSBANKEN FINANS AB (publ)**, (556053-0841) a credit market company duly incorporated and existing under the laws of Sweden, whose registered office is at Torsgatan 12, SE-106 35 Stockholm, Sweden (the "Lessor"), and **NEW JERSEY TRANSIT CORPORATION**, a body corporate and politic established in the Executive Branch of the State Government of New Jersey, having its principal place of business at One Penn Plaza, 6th Floor, Newark, New Jersey, 07105-2246, United States of America (the "Lessee").

WITNESSETH:

WHEREAS, the Lessor and the Lessee have entered into the Lease Agreement [2008-A], dated the date hereof (the "Lease Agreement"; the terms defined therein and not otherwise defined herein being used herein as therein defined); and

WHEREAS, pursuant to the terms of the SPA Assignment, Lessor will from time to time acquire title to the Equipment from Manufacturer; and

WHEREAS, pursuant to the Lease Agreement, the Lessee has the option to purchase the Equipment subject to the Lease Agreement in various circumstances; and

WHEREAS, it is a condition to such transactions that the Lessor will have agreed to grant the security interests created herein.

NOW, THEREFORE, the parties hereto hereby agree as follows:

SECTION 1. Grant of Security.

1.1 As security for the due and punctual performance by the Lessor of the Obligations (as hereinafter defined), the Lessor hereby, subject and subordinate to any other security rights created under any other Operative Document (if any), effective at the time Lessor acquires title to the relevant item of Equipment from Manufacturer, grants and pledges to the Lessee a continuing lien on and security interest in all of the Lessor's right, title and interest in the relevant item of Equipment and all Parts thereof, wherever located, hereafter acquired in which the Lessor shall have or acquire an interest (all of the foregoing being hereinafter collectively referred to as the "Collateral"). The Equipment that will be subject to this Agreement will be more particularly described on Appendix I annexed hereto and made a part hereof, as same may be amended and restated from time to time as herein provided. As used herein, "Part" means any and all items constituting part of an item of Equipment, including any part, replacement, altered or substituted equipment and all appliances, parts, components, instruments, appurtenances, and accessories which may from time to time be incorporated or installed or attached to each such item of Equipment.

1.2 On each Delivery Date, the Lessor and the Lessee agree to amend and restate Appendix 1 to this Agreement merely to reflect the items of Equipment being delivered on such date by executing and delivering (through an exchange of fax to be followed by an exchange of hardcopies) a Replacement of Appendix in the form set forth in Exhibit A hereto. Appendix 1 to the Security Agreement shall, upon execution of such Replacement of Appendix become part of this Agreement. Upon the effective date set forth on such Appendix 1 (i) the amended and restated Appendix shall supercede and replace the then existing Appendix and shall thereafter constitute Appendix 1 and (ii) the Lessor shall be deemed to have granted and pledged to the Lessee a continuing lien on and security interest in and to such items of Equipment and such items of Equipment shall be deemed to be part of the Collateral.

SECTION 2. Security for Obligations.

This Agreement secures the performance by the Lessor of all of its obligations under clause 21.8 of the Lease Agreement to transfer to the Lessee or its designee, assignee or transferee, all of the Lessor's right, title and interest in all of the items of Equipment leased thereunder upon compliance by the Lessee with the terms set forth in clause 21 of the Lease Agreement with respect to all such items of Equipment as conditions to such transfer (all such obligations of the Lessor being the "Obligations"). The security interest and pledge granted in respect of the Collateral pursuant to this Agreement may be enforced if the Lessor fails, refuses or is unable to perform the Obligations in respect of the Lease Agreement and the Lessee is in compliance with the terms thereof. Without limiting the generality of the foregoing, this Agreement secures the performance of the Obligations with respect to the Lease Agreement as the same would be due by the Lessor to the Lessee under the Lease Agreement but for the fact that such Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Lessor. Upon any nonperformance by the Lessor of the Obligations (after taking into account applicable notice and cure periods; a "Default") and upon giving notice to the Lessor of such Default, and provided that the Lessee shall be in compliance with the terms of the Lease Agreement, the Lessee may exercise its rights under Section 6 hereof with respect to the Collateral.

SECTION 3. Further Assurances.

Upon written request of the Lessee, the Lessor agrees that from time to time, at the sole cost and expense of the Lessee, the Lessor will promptly execute and deliver all further instruments and documents and take all further action in the states of New Jersey, New York and Pennsylvania or in Sweden that the Lessee may reasonably request in order to perfect and protect any security interest or pledge granted or purported to be granted hereby or to enable the Lessee to exercise and enforce its rights and remedies hereunder with respect to the Collateral.

SECTION 4. Lessee Appointed Attorney-in-Fact.

The Lessor hereby irrevocably appoints the Lessee as the Lessor's attorney-in-fact, with full irrevocable power and authority in the place and stead of the Lessor and in the name of the Lessor, from time to time after a Default shall have occurred and be continuing in the Lessee's

discretion, to take any action and to execute any instrument or document that the Lessee may deem necessary or advisable in its sole discretion to accomplish the purposes of this Agreement, without notice to or assent by the Lessor.

SECTION 5. No Duty on Lessee.

The powers and remedies conferred on the Lessee hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers or remedies.

SECTION 6. Remedies.

6.1 If a Default shall have occurred and be continuing and the Lessee shall have notified the Lessor of such Default, and provided the Lessee shall be in compliance with the provisions of the Lease Agreement, the Lessee, without demand upon or further notice to the Lessor, may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under applicable law, all the rights and remedies of a secured party on default under New Jersey law, including but not limited to the Uniform Commercial Code then in effect in New Jersey or other applicable jurisdiction, or the laws of the United States or Sweden.

6.2 By way of example of Section 6.1, and not by way of limitation:

(a) Upon Default, Lessee may foreclose the Lessor's right, title and interest in the Collateral or any part thereof and obtain all right, title and interest thereto by declaring its intention, without prior notice to Lessor, to retain the Collateral in accordance with the Uniform Commercial Code or other "applicable law" (as such term is defined in the Lease Agreement).

(b) If the Lessee, in its sole discretion, chooses not to retain the Collateral or any portion thereof, and instead chooses to sell the Collateral or any portion thereof, then the Lessee shall give to the Lessor at least ten calendar days' prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made, unless the Lessee determines that the Collateral will decline speedily in value, in which event the Lessee may give less than ten days' notice as the circumstances require in the Lessee's sole discretion. The Lessor hereby acknowledges that ten calendar days' prior written notice of such sale or sales shall be reasonable notice, unless the Collateral threatens to decline speedily in value. Lessee may bid for or acquire the Collateral or any part thereof or in any public or private sale. If the Lessee in its sole discretion believes that other types of sale are commercially reasonable or justified the Lessee may proceed with such a sale on such terms as the Lessee considers appropriate. The Lessee shall not be obligated to make any sale of the affected Collateral regardless of notice of sale having been given.

6.3 To the extent that "applicable law" imposes duties on the Lessee to exercise remedies in a commercially reasonable manner, the Lessor acknowledges and agrees that it is not

commercially unreasonable for the Lessee (a) to fail to incur expenses reasonably deemed significant by the Lessee to prepare Collateral for disposition, (b) if not required by other law, to fail to obtain governmental or third-party consents for the disposition of Collateral, (c) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (d) to contact other Persons, whether or not in the same business as the Lessor, for expressions of interest in acquiring all or any portion of the Collateral, (e) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (f) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (g) to dispose of assets in wholesale rather than retail markets, (h) to disclaim disposition warranties, (i) to purchase insurance or credit enhancements to insure the Lessee against risks of loss, collection or disposition of Collateral or to provide to the Lessee a guaranteed return from the collection or disposition of Collateral, (j) to the extent deemed appropriate by the Lessee, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Lessee in the collection or disposition of any of the Collateral, or (k) to retain the Collateral and obtain all right, title and interest thereto. The Lessor acknowledges that the purpose of this Section 6.3 is to provide nonexhaustive indications of what actions or omissions by the Lessee would not be commercially unreasonable in the Lessee's exercise of remedies against the Collateral and that other actions or omissions by the Lessee shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 6.3. Without limitation upon the foregoing, nothing contained in this Section 6.3 shall be construed to grant any rights to the Lessor or to impose any duties on the Lessee that would not have been granted or imposed by this Agreement or by "applicable law" in the absence of this Section 6.3.

6.4 Notwithstanding the foregoing remedies, nothing contained in this Agreement shall in any way affect the automatic transfer to the Lessee of all right, title and interest of the Lessor in the Equipment pursuant to and in accordance with clause 21 of the Lease Agreement.

SECTION 7. Amendments, Etc.

No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Lessor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Lessee, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 8. Addresses for Notices.

All notices and other communications provided for hereunder shall be given in accordance with clause 22 of the Lease Agreement.

SECTION 9. Continuing Security Interest.

9.1 This Agreement shall create a continuing lien on and security interest in the Collateral and shall remain in full force and effect with respect to the Collateral until the earlier of

(x) the performance in full of the Obligations and (y) the expiration of the Lease Period or termination of the Lease Agreement in accordance with its terms in a manner not requiring transfer of ownership of the Collateral to the Lessee or its designee, assignee or transferee. This Agreement shall be binding upon the Lessor, its permitted successors and assigns and inure to the benefit of, and be enforceable by, the Lessee and its permitted successors, transferees and assigns. Neither party may assign or transfer any of its rights or obligations under this Agreement; *provided, however*, that the Lessee may assign its rights hereunder, together with any assignment of the Lessee's rights under the Lease Agreement, to third parties in accordance with clause 11 of the Lease Agreement; and *provided, further*, that the Lessee shall transfer and assign all of its rights hereunder in the case of a material amalgamation, demerger or merger, or if the Lessee undergoes a Change in Control, to a successor permitted under clause 16.1(d) of the Lease Agreement.

9.2 Upon the earlier of the performance in full of the Obligations and the expiration of the Lease Period or termination of the Lease Agreement in accordance with its terms in a manner not requiring transfer of ownership of the Collateral to the Lessee or its designee, assignee or transferee, the security interest, pledge and assignment granted hereby in respect of such Collateral shall terminate and all rights to such Collateral shall revert to the Lessor. Upon any such termination, the Lessee will, at the Lessee's expense, execute and deliver to the Lessor such documents as the Lessor shall reasonably request to evidence such termination, or, at Lessee's discretion, authorize in writing Lessor or its designee to file or record such documents in Lessee's name and stead.

SECTION 10. Illegality.

Should any term or condition in this Agreement be or become in violation of applicable law or in any other way be or become invalid or unenforceable, such term or condition shall be regarded as null and void, without affecting any other terms or conditions of this Agreement.

SECTION 11. Governing Law; Jurisdiction; Service of Process.

11.1 THE TERMS OF THIS AGREEMENT AND ALL RIGHTS AND OBLIGATIONS HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW JERSEY.

11.2. With respect to any suit, action or proceedings relating to this Agreement, (hereinafter, any "Proceeding"), each party hereto irrevocably:

(a) submits to the non-exclusive jurisdiction of the courts of the State of New Jersey (without prejudice to the right of any party to remove to the United States District Court for the District of New Jersey), and the United States District Court located in the city of Newark; and

(b) waives any objection that it may have at any time to the laying of venue of any Proceeding brought in any such court, waives any claim that such Proceeding

has been brought in an inconvenient forum and further waives the right to object, with respect to such Proceeding, that such court does not have jurisdiction over such party.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

HANDELSBANKEN FINANS AB (publ)

By: [Signature] [Signature]
Name: Anders H. John Malmsten
Title: Senior VP Senior VP

NEW JERSEY TRANSIT CORPORATION,

By: [Signature]
Name: H. Charles Wedel
Title: CFO and Treasurer

Approved as to form only:

Aune Milgram
Attorney General of New Jersey

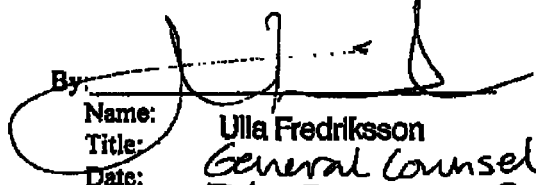
By: [Signature]
Name:
Title:

ACKNOWLEDGEMENT

Sren Grill and Johan Halmsten

I certify that this instrument was signed by _____ on behalf of Handelsbanken Finans AB (publ) pursuant to a power of attorney and I acknowledge that the execution of the foregoing instrument was the free act and deed of Handelsbanken Finans AB (publ). I further declare under penalty of perjury that the foregoing is true and correct.

HANDELSBANKEN FINANS AB (publ)

By: 
Name: Ulla Fredriksson
Title: General Counsel
Date: 5th February 2008

ACKNOWLEDGEMENT

On this 29th day of JANUARY, 2008, before me personally appeared H. CHARLES WEDEL, who stated that he is the person who executed the foregoing instrument as CFO AND TREASURER of New Jersey Transit Corporation, the entity named in the foregoing instrument, and is duly authorized to act on behalf of said entity, and being informed of the contents hereof, acknowledged execution of the foregoing instrument on behalf of said entity.

Witness my hand and official seal, this 29th day of JANUARY, 2008.

My Commission Expires: 10/18/2009

Donna M. Ravenell

DONNA M. RAVENELL
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 18, 2009

Appendix 1

LIST OF EQUIPMENT

[TO BE SUPPLEMENTED FROM TIME TO TIME AS AGREED UPON BY THE PARTIES]

| <u>Equipment Description</u> | <u>Type</u> | <u>Railcar Identification Number</u> |
|--|-------------------------|--|
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car with toilet | 7219 |
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car with toilet | 7226 |
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car with toilet | 7228 |
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car | 7538 |
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car | 7539 |
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car | 7540 |
| Bombardier Multi-Level Commuter Rail Passenger Car | trailer car | 7541 |

SECURITY AGREEMENT

FORM OF REPLACEMENT OF APPENDIX

WHEREAS, Handelsbanken Finans AB (publ) (556053-0841), a credit market company duly incorporated and existing under the laws of Sweden, whose registered office is at Torsgatan 12, SE-106 35 Stockholm, Sweden (the "Lessor") and NEW JERSEY TRANSIT CORPORATION, a body corporate and politic established in the Executive Branch of the State Government of New Jersey (the "Lessee") have entered into the Lease Agreement [2008-A] dated January 22, 2008 (the "*Lease Agreement*"; the terms defined therein and not otherwise defined herein being used herein as therein defined); and

WHEREAS, in conjunction with the Lease Agreement, Lessor and Lessee have entered into a Security Agreement dated as of January 22, 2008 (the "*Security Agreement*").

WHEREAS, pursuant to Section 1.2 of the Security Agreement, the Lessor and the Lessee have agreed that, on each Delivery Date, they will amend and restate Appendix 1 to the Security Agreement merely to reflect the items of Equipment being delivered on such date by executing and delivering (through an exchange of fax to be followed by an exchange of hardcopies) a Replacement of Appendix in the form hereof;

NOW, THEREFORE, the parties hereto hereby agree as follows:

The replacement Appendix 1 (a copy of which is attached hereto), delivered pursuant to Section 1.2 of the Security Agreement, shall supercede and replace the existing Appendix 1 and shall thereafter constitute Appendix 1 to the Security Agreement.

IN WITNESS WHEREOF, the undersigned have hereunto set their hand this ____
day of _____, 2008.

HANDELSBANKEN FINANS AB (publ)

By: _____
Name:
Title:

NEW JERSEY TRANSIT CORPORATION

By: _____
Name:
Title:

LIST OF EQUIPMENT

(Amended and Restated Effective _____, 2008)

| <u>Equipment Description</u> | <u>Type</u> | <u>Railcar Identification Number</u> |
|-------------------------------------|--------------------|---|
| | | |